

2023

AP<sup>®</sup>



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# AP<sup>®</sup> Macroeconomics

## Sample Student Responses and Scoring Commentary

### Set 2

#### **Inside:**

##### **Free-Response Question 2**

- Scoring Guidelines**
- Student Samples**
- Scoring Commentary**

**Question 2: Short**

**5 points**

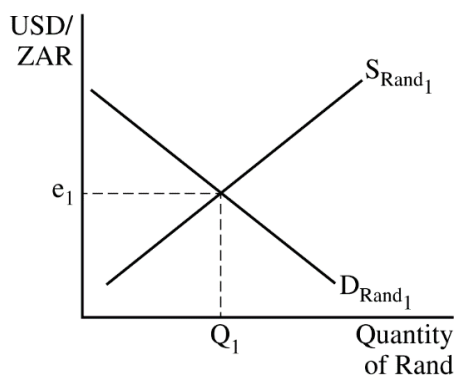
**(a)** State that United States net exports will decrease and explain that the demand for goods from South Africa will increase, which increases United States imports. **1 point**

**(b) (i)** State that the capital and financial account balance in the United States will move into surplus. **1 point**

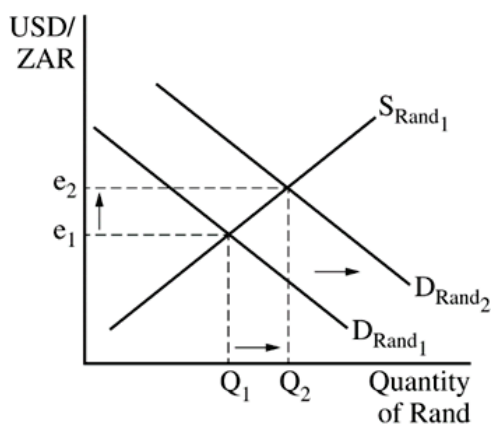
**(ii)** State that actual unemployment in South Africa will decrease in the short run and explain that South African exports will increase, which will increase aggregate demand and real GDP in South Africa. **1 point**

**Total for part (b) 2 points**

**(c)** Draw a correctly labeled graph of the foreign exchange market for the rand. **1 point**



For the second point, the graph must show a rightward shift in the demand curve for the rand, resulting in an appreciation of the rand. **1 point**



**Total for part (c) 2 points**

**Total for question 2 5 points**

**Important:** Completely fill in the circle that corresponds to the question you are answering on this page.

Question 1

Question 2

Question 3

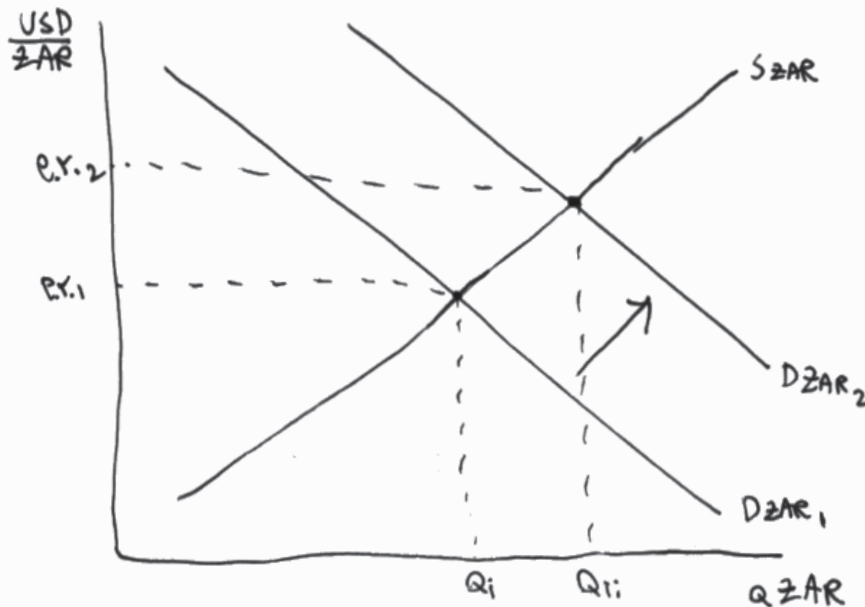


Begin your response to each question at the top of a new page.

a. United States net exports would decrease because with an increase in real income in the US, consumers would be much more likely to increase their purchase of foreign exports from South Africa, meaning that there would be an increased ratio of imports to exports in the US economy.

bi. The capital and financial account balance in the US would decrease.

bii. Actual unemployment in South Africa would decrease because South African exports to the US would increase, meaning that there is an increased aggregate demand in the South African economy which would cause unemployment to decrease.



Page 4

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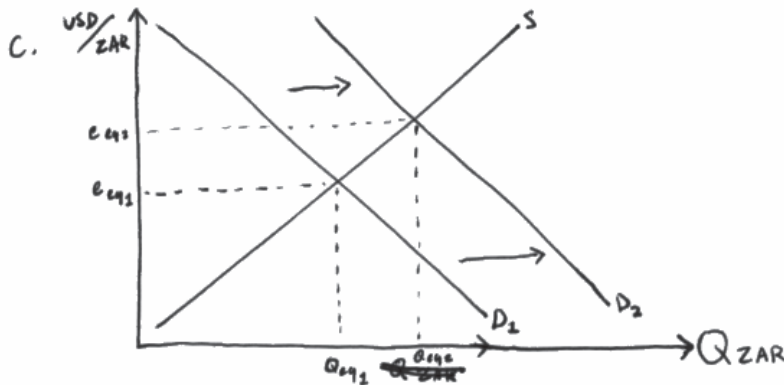
**Important:** Completely fill in the circle that corresponds to the question you are answering on this page.

Question 1      Question 2      Question 3

○                      ●                      ○

Begin your response to each question at the top of a new page.

- a. The United States's net exports will decrease due to an increase in imports. If real income in the United States increases, the people of the United States now have more purchasing power increasing demand for other countries's products.
- b.i. The capital account balance will decrease as imports increase, and the financial account balance will increase as ~~the~~ investors from the United States invest more in South Africa.
- ii. In the short run, actual unemployment will decrease as there is an increased demand for South African goods from ~~United States~~ purchasers in the consumers in the United States.



Use a pen with black or dark blue ink only. Do NOT write your name. Do NOT write outside the box.

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● **Important:** Completely fill in the circle that corresponds to the question you are answering on this page.

Question 1    Question 2    Question 3



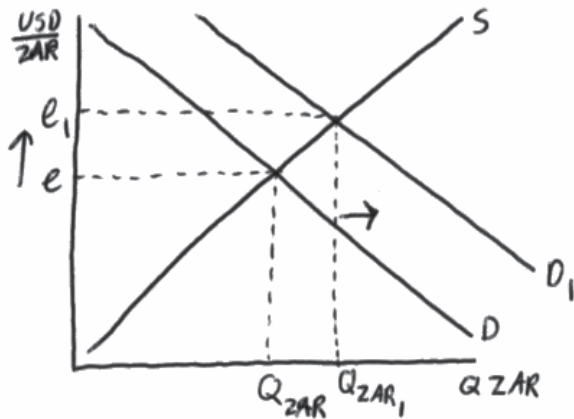
Begin your response to each question at the top of a new page.

A) Exports would decrease, since United States goods are now relatively more expensive.

B(i)) ~~the~~ It will move into a deficit, since exports will decrease and there will be less capital flow into the United States.

B(ii)) Unemployment in South Africa would decrease, as there would be a higher demand for domestic goods which would lower unemployment.

C) For Ex



Use a pen with black or dark blue ink only. Do NOT write your name. Do NOT write outside the box.

## Question 2

**Note:** Student samples are quoted verbatim and may contain spelling and grammatical errors.

### Overview

The question examined students' understanding of the balance of payments and foreign exchange market. The question begins by telling students to assume that the United States and South Africa are trading partners with flexible exchange rates, and the United States' current account balance with South Africa is zero. In part (a) students were asked to state and explain whether United States net exports will increase, decrease, or remain unchanged if real income in the United States increased while real income in South Africa remained the same. In part (b) students were asked, based on their response in part (a), to state in part (b)(i) what will happen to the capital and financial account balance in the United States and to state and explain in part (b)(ii) what will happen to actual unemployment in South Africa in the short run. In part (c) students were told that the currency of the United States was the dollar (USD), and the currency of South Africa was the rand (ZAR). Students were asked to draw a correctly labeled graph of the foreign exchange market for the rand and show the effect of the increase in real income in the United States on the international value of the rand.

### Sample: 2A

#### Score: 4

The response earned 1 point in part (a) for stating that United States net exports will decrease and explaining that the demand for goods from South Africa will increase, which increases United States imports. The response did not earn the point in part (b)(i) because it states that the capital and financial account balance in the United States will decrease. The response earned 1 point in part (b)(ii) for stating that actual unemployment in South Africa will decrease and explaining that South African exports will increase, which will increase aggregate demand in South Africa. The response earned the first point in part (c) for drawing a correctly labeled graph of the foreign exchange market for the rand. The response earned the second point in part (c) for correctly shifting the demand curve for the rand to the right and showing an appreciation of the rand.

### Sample: 2B

#### Score: 3

The response earned 1 point in part (a) for stating that United States net exports will decrease and explaining that United States imports will increase. The response did not earn the point in part (b)(i) because it does not state that the capital and financial account balance in the United States will move into surplus. The response did not earn the point in part (b)(ii) because it does not explain that unemployment in South Africa will decrease because the increase in South African exports increases aggregate demand and real GDP in South Africa. The response earned the first point in part (c) for drawing a correctly labeled graph of the foreign exchange market for the rand. The response earned the second point in part (c) for correctly shifting the demand curve for the rand to the right and showing an appreciation of the rand.

## Question 2 (continued)

### Sample: 2C

#### Score: 2

The response did not earn the point in part (a) because it does not explain that net exports will decrease because the increased demand for goods from South Africa will increase United States imports. The response did not earn the point in part (b)(i) because it states that the capital and financial account balance in the United States will move into deficit. The response did not earn the point in part (b)(ii) because it does not explain that unemployment in South Africa will decrease because the increase in South African exports increases aggregate demand and real GDP in South Africa. The response earned the first point in part (c) for drawing a correctly labeled graph of the foreign exchange market for the rand. The response earned the second point in part (c) for correctly shifting the demand curve for the rand to the right and showing an appreciation of the rand.